

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 95-1120-C - ORDER NO. 96-198 ✓
MARCH 18, 1996

IN RE: Petition of Communications Central of) ORDER
Georgia, Inc. and InVision Telecom,) AMENDING
Inc. for Approval of the transfer of) ASSET
Assets and Authority to Provide Inmate) TRANSFER AND
Telephone Service.) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the "Commission") on the Petition of Communications Central of Georgia, Inc. ("CCG") and InVision Telecom, Inc. ("InVision") (collectively referred to herein as the "Petitioners") requesting approval of the transfer of certain assets from Robert Cefail & Associates American Inmate Communications, Inc. ("Cefail") to CCG and then from CCG to InVision. The Joint Petition also requests a Certificate of Public Convenience and Necessity be granted to InVision to provide inmate telephone services in South Carolina. The Petition was filed on August 16, 1995, pursuant to S.C. Code Ann. §58-9-310 (Supp. 1994) and §58-9-280 (Supp. 1994) as well as the Regulations of the Public Service Commission.

The Commission's Executive Director instructed the Petitioners to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The

purpose of the Notice of Filing was to inform interested parties of the Petitioners' Joint Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Petitioners complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed in this matter.

A public hearing was commenced on January 30, 1996, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. The Petitioners were represented by John F. Beach, Esquire. Catherine D. Taylor, Staff Counsel, represented the Commission Staff.

Mr. Barry Selvidge, Vice President of Regulatory Affairs and General Counsel for InVision, appeared and offered testimony in support of the Joint Petition. He stated that Cefail is certified by this Commission to provide telecommunications services to inmate facilities in South Carolina. Through this authority, Cefail has provided automated, collect-only inmate telephone services at various locations in South Carolina. Mr. Selvidge explained that Cefail and CCG signed an Agreement of Purchase and Sale of Assets pursuant to which they contemplate that CCG will acquire the assets of Cefail to provide inmate telecommunications services. The transfer from Cefail to CCG will be a "paper" transfer, necessary for accounting purposes, and CCG then will transfer the assets of InVision. In its Petition, InVision has applied for a Certificate of Public Convenience and Necessity to

provide these inmate telecommunications services in South Carolina. InVision is not requesting a transfer of the Certificate of Cefail. Upon approval by the Commission and closing the transaction, InVision will provide telecommunications services to Cefail's former customer base. Mr. Selvidge testified that the transfer of assets will not adversely affect the provision of inmate telecommunications services in South Carolina. Mr. Selvidge also testified regarding the corporate relationship of CCG and InVision.

Mr. Selvidge continued by explaining that the proposed transfer should serve to enhance services currently received from Cefail by South Carolina end users. Mr. Selvidge assured the Commission that InVision has the corporate authority, as well as the financial, managerial and technical ability to provide inmate telephone services within the State of South Carolina. The record reflects that InVision does not propose to provide telecommunications services to the general public and therefore does not intend to provide telecommunications services to business or residential customers. Finally, Mr. Selvidge assured the Commission that the Petitioners would abide by the Commission's Rules and Regulations.

Cross-examination revealed that the Commission Staff has conducted an investigation concerning alleged overcharges for calls made from inmate facilities in South Carolina served by Cefail. Mr. Selvidge stated that he was aware of the investigation and complaint which prompted the investigation. In

order to facilitate the certification process, resolve the complaint and properly credit the parties involved, Mr. Selvidge committed that the Petitioners would refund the monies for these alleged overcharges. The approximate total of the refund is \$7,800 to \$8,000.

Upon review and consideration of the Petition, applicable law, and the evidence presented at hearing, the Commission hereby issues its findings of facts and conclusions of law:

FINDINGS OF FACT

1. Cefail is a Florida corporation certified by this Commission to operate as a reseller of telecommunications services, including operator services, in South Carolina pursuant to Order No. 92-431 by which it provides automated, collect-only inmate telephone services in various South Carolina locations.

2. Communications Central, Inc. ("CCI") is a Georgia corporation and is the parent company of both CCG and InVision.

3. CCG is a Georgia corporation which is wholly owned by CCI.

4. InVision is incorporated under the laws of the State of Georgia, is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State, and is wholly owned by CCI; InVision has petitioned the Commission for a Certificate of Public Convenience and Necessity to provide inmate telephone service in South Carolina.

5. CCG and Cefail wish for CCG to acquire the intrastate utility assets of Cefail.

6. Cefail and CCG signed an Agreement of Purchase and Sale of Assets pursuant to which they contemplate that CCG will acquire intrastate utility assets of Cefail.

7. Upon approval by the Commission, the transferred assets will then be transferred from CCG to InVision in a transparent transaction.

8. Upon closing this transaction, InVision will provide telecommunications services through Cefail's former assets.

9. Because the transfer of assets will be made in seamless fashion, Cefail's former customers will not be adversely affected.

10. The Petitioners have committed to refunding in full the improper overcharges for local calls made from inmate facilities in South Carolina served by Cefail as identified during the hearing which will resolve the complaint regarding this matter.

11. InVision operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina by providing collect call capability to inmates of correctional facilities located in South Carolina.

12. InVision has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission hereby determines that the sale of assets from Cefail to CCG is in the public interest, and, therefore, the Commission approves the requested asset transfer as stated herein.

2. The planned subsequent transfer of assets from CCG to

InVision is in the public interest, and, therefore, the Commission approves the requested transfer as stated herein.

3. The transfer of assets and merger as discussed herein are in the public interest because these transactions enable Petitioners to operate more efficiently and enhance the current services for end-users in South Carolina.

4. Cefail is strongly urged by this Commission to provide the Commission with viable information regarding the status of its operations in South Carolina, and the Commission suggests Cefail petition for cancellation of its Certificate of Public Convenience and Necessity for South Carolina if appropriate.

5. The Commission further determines that a Certificate of Public Convenience and Necessity should be granted to InVision to provide collect call capability to inmates of correctional facilities located in South Carolina.

6. The Commission adopts a rate design for InVision for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

7. InVision shall not adjust its rates below the approved maximum level without notice to the Commission and the public. InVision shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the

Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of InVision's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (1976, as amended), as amended.

8. InVision shall file its tariff and in accompanying price list within thirty (30) days of the date of this Order.

9. InVision shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. With regard to the provision of inmate calling service for local and intraLATA calling, InVision shall not charge rates any greater than the rates charged by the local exchange company at the time a call is placed. For interLATA calling, InVision shall charge rates not greater than AT&T's charges and operator station usage rates at the time the call is placed. Additionally, automated collect calls shall only be completed with the affirmative acceptance by the called party. Also, the company

shall not impose any subscriber surcharges on calls originated from inmate facilities.

11. For inmate calling service, call detail information submitted to the local exchange company for billing purposes must include the COCOT access line telephone number as assigned to the line by the local exchange company. Further, should InVision provide the pay telephone equipment in confinement facilities, the Company shall obtain certifications to provide private pay telephone services and should request waiver of specific guidelines as required for the provision of inmate calling services.

12. Petitioners are to refund to Cefail customers the overcharges that Petitioners have identified for local calling from inmate facilities which were previously served by Cefail in South Carolina. Refunds will be limited to the amount addressed by Petitioners' witness during the hearing.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE